

## Message Text

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PAGE 01 BERLIN 05125 280837Z

21

ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 PA-01 PRS-01

USIA-06 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 /086 W

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P R 271900Z JAN 75

FM AMEMBASSY BERLIN

TO SECSTATE WASHDC PRIORITY 0297

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USMISSION NATO

USMISSION USBERLIN UNN

AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY PRAGUE

AMEMBASSY SOPHIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

C O N F I D E N T I A L BERLIN 5125

E.O. 11652: GDS

TAGS: ETRD, BEXP, PFOR, GE, US

SUBJECT: COURTESY CALL ON GDR DEPUTY FOREIGN MINISTER BEIL

REF: STATE 17151 (NOTAL)

1. SUMMARY: IN DISCUSSION ON JAN 21 WITH EMBASSY OFFICER, GDR  
DEPUTY FOREIGN TRADE MINISTER BEIL PAINTED BLEAK PICTURE FOR  
DEVELOPMENT OF US-GDR TRADE WITHIN FRAME OF PRESENT  
BILATERAL RELATIONS, U.S. DOMESTIC POLITICAL REALITIES,  
AND US-SOVIET DIFFERENCES ON TRADE RELATED ISSUES. END SUMMARY  
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PAGE 02 BERLIN 05125 280837Z

2. DURING A 30 MINUTE COURTESY CALL JANUARY 21 ON STATE SECRETARY GERHARD BEIL, ARRANGED SHORTLY AFTER THE OPENING OF EMBASSY ON DECEMBER 9, CHIEF OF THE EMBASSY'S ECONOMIC/COMMERCIAL SECTION REITERATED THE U.S. GOVERNMENT'S DESIRE TO EXPAND TRADE AND IMPROVE GENERAL ECONOMIC/COMMERCIAL RELATIONS BETWEEN OUR TWO COUNTRIES. HE NOTED THAT THERE WERE OBSTACLES TO A RAPID AND SUBSTANTIAL INCREASE IN THE VOLUME OF TRADE BUT THAT THESE IMPEDIMENTS SHOULD NOT HINDER THE CONSTRUCTION OF A FOUNDATION FROM WHICH PROGRESS MIGHT BE MADE WHEN CIRCUMSTANCES WERE MORE PROPITIOUS. IN THIS CONNECTION, EMBASSY OFFICER DESCRIBED IN DETAIL OUR PLANS TO MOUNT A BUSINESS DEVELOPMENT OFFICE (BDO) AT THE 1975 LEIPZIG SPRING FAIR AND ISSUED AN INVITATION TO DR. BEIL TO VISIT THE BOOTH. EMBASSY OFFICER ALSO STATED HIS INTENTION TO BEGIN IN NEAR FUTURE TO CALL ON EAST GERMAN FOREIGN TRADE ORGANIZATIONS AND OTHER GDR INSTITUTIONS INVOLVED IN FOREIGN TRADE SECTOR. HE EXPRESSED HIS WILLINGNESS TO MEET FREQUENTLY WITH BEIL AND HIS STAFF, TO EXCHANGE VIEWS ON MUTUAL PROBLEMS AND CONCERNS, AND CONCLUDED BY VOICING HOPE THAT US-GDR TRADE COULD EXPAND IN THE ABSENCE OF A FORMAL STRUCTURE.

3. BEIL, WHO WAS ACCOMPANIED BY SCHMIED, FOREIGN TRADE MINISTRY'S USA DESK OFFICER, WAS RELAXED AND CORDIAL THROUGHOUT MEETING. HIS STATEMENTS REVEALED NO ANIMOSITY AS A CONSEQUENCE OF OUR INDEFINITE POSTPONEMENT OF HIS PLANNED VISIT TO THE U.S., BUT HE DID EXPRESS DISAPPOINTMENT THAT HE HAD NOT BEEN ABLE TO MEET WITH WASHINGTON OFFICIALS. HE NOTED THAT THE OBJECTIVES OF HIS TRIP MIGHT HAVE BEEN MISUNDERSTOOD; ALTHOUGH FOR ORIENTATION, HE HAD INTENDED TO EMPLOY THE OPPORTUNITY TO DISCUSS SUBSTANTIVE MATTERS AND, ON THE BASIS OF SUCH DISCUSSIONS, DEVELOP A TIMETABLE FOR THE NEGOTIATIONS OF A MUTUALLY ADVANTAGEOUS AND BENEFICIAL TRADE AGREEMENT, INCLUDING PROVISIONS FOR MFN AND EXPORT-IMPORT BANK FACILITIES. AT NO POINT DID HE PLAN TO "DOT I'S" OR "CROSS T'S" ON A TRADE AGREEMENT OR RELATED DOCUMENTS. MORE IN SORROW THAN IN ANGER, BEIL STATED REGRET THAT CONFIDENTIAL

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PAGE 03 BERLIN 05125 280837Z

WE SHOULD PERMIT POLITICAL CONSIDERATIONS TO INTERFERE WITH THE IMPROVEMENT OF COMMERCIAL RELATIONS.

4. TURNING TO THE PROVISIONS OF THE TRADE ACT OF 1975 AND THE SOVIET DENUNCIATION OF THE 1972 TRADE AGREEMENT WITH THE U.S., BEIL SAID IT WAS CRYSTAL CLEAR TO HIM AND TO THE GDR THAT A TRADE AGREEMENT WITH THE UNITED STATES WAS A LONG WAY OFF; IN BEIL'S WORDS, "A MATTER

OF YEARS." BEIL CONCLUDED THIS PART OF THE DISCUSSION BY NOTING THAT IMPROVED U.S. - GDR ECONOMIC RELATIONS AND BILATERAL TRADE AGREEMENT, WERE NOT SOLELY A

FUNCTION OF GOOD PERSONAL RELATIONS, WHICH HE WANTED TO MAINTAIN WITH THE EMBASSY. SUCH A DEVELOPMENT WOULD IN THE FIRST INSTANCE BE DEPENDENT ON AN IMPROVEMENT IN BILATERAL POLITICAL RELATIONS AS WELL AS ON A MORE SATISFACTORY U.S. - SOVIET POLITICO-ECONOMIC CLIMATE THAN OBTAINED AT PRESENT. BEIL MAINTAINED THAT, IN THESE CIRCUMSTANCES, HE AND HIS COLLEAGUES COULD DO LITTLE TO FACILITATE US-GDR TRADE.

5. WELCOMING THE FIRST OFFICIAL U.S. PARTICIPATION IN LEIPZIG, BEIL SAID HE WOULD BE PLEASED TO ACCEPT AN INVITATION TO VISIT THE BDO. REGARDING THE NEAR-TERM PROSPECTS FOR DIRECT U.S. -GDR TRADE, BEIL WAS QUITE PESSIMISTIC AND SUGGESTED THAT THOSE COMPANIES HAVING SUBSIDIARIES IN COUNTRIES WITH WHICH THE GDR HAS FORMAL TRADE RELATIONS COULD HOPE TO SEE THEIR TRADE WITH THE GDR EXPAND. HE OBSERVED THAT THIS STATEMENT OF NECESSITY APPLIED NOT ONLY TO THE CURRENT YEAR BUT ALSO OVER THE LONGER TERM SINCE THE GDR IS NOW FINALIZING ITS PLAN FOR THE 1976-1980 PERIOD. THE GDR HAD JUST DECIDED TO CANCEL THE TECHNICAL DAYS IT HAD PLANNED FOR JUNE IN THE U.S., ACCORDING TO BEIL, BECAUSE OF THE BLEAK OUTLOOK FOR AN EARLY IMPROVEMENT IN COMMERCIAL TIES.

6. COMMENT. ONE WELL-INFORMED EAST GERMAN SOURCE RECENTLY INTIMATED TO US THAT THE GDR MAY HAVE SOUGHT TO SCUTTLE BEIL'S PROPOSED VIIT, BY RAISING THE ORIGINAL ANTE, WHEN IT BECAME CLEAR THAT BEIL WOULD BE UNABLE TO ACHIEVE TANGIBLE PROGRESS ON OUTSTANDING TRADE ISSUES. IF TRUE, THI COULD HELP EXPLAIN BEIL'S RELAXED ATTITUDE AND THE ABSENCE OF ANIMOSITY DURING

CONFIDENTIAL

PAGE 04 BERLIN 05125 280837Z

THIS, HE FIRST MEETING WITH AN OFFICIAL AMERICAN SINCE HIS VISIT WAS POSTPONED IN DECEMBER. IT MAY ALSO BE THAT BEIL DID NOT VIEW THE PROSPECTS FOR US-GDR TRADE AS DESPAIRINGLY AS PORTRAYED IN HIS REMARKS. DOELLING OF THE GDR CHAMBER OF FOREIGN TRADE HAD EARLIER TOLD AN EMBASSY OFFICER THAT THE GDR'S TECHNICAL DAYS SCHEDULED FOR THE U.S. HAD BEEN MERELY POSTPONED AND NOT CANCELLED. GDR PLANNING WAS GOING FORWARD AND THE COMPLETED PLANS WOULD BE KEPT IN READINESS UNTIL A MORE SUITABLE TIME, PERHAPS BEFORE THE END OF 1975.

7. THE EMBASSY BELIEVES IT WOULD BE BEST TO PROCEED WITH THE USDOC BUSINESS DEVELOPMENT OFFICE (BDO) PLANNED FOR LEIPZIG IN MARCH (REFTEL) SINCE A CANCELLATION OF OUR PLANS AT THIS LATE DATE COULD ONLY CAUSE THE PRESENT SITUATION TO DETERIORATE STILL FURTHER. WHILE CIRCUMSTANCES MAY NOT BE IDEAL, WE

SHOULD BE ABLE TO MAKE SOME PROGRESS TOWARD ACHIEVING OUR TRADE  
PROMOTION OBJECTIVES. OUR ABILITY TO GO AHEAD WITH PREPARATIONS  
FOR THE BDO IS DEPENDENT NOW ON PROMPT COMMERCE APPROVAL OF  
OUR PLANS AND BUDGET ESTIMATES. THIS WILL BE THE SUBJECT OF A  
SEPARATE MESSAGE. COOPER

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